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TROP PRUNER & HU, PC 1616 S. VOSS ROAD, SUITE 750 HOUSTON, TX 77057-2631			JANVIER, JEAN D	
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)
	09/690,512	HANNAH ET AL.
	Examiner	Art Unit
	JEAN JANVIER	3688

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 04/14/08.

2a) This action is FINAL. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-1-7, 9, 11-17, 19, 21-28 and 29-30 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-1-7, 9, 11-17, 19, 21-28 and 29-30 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892) 4) Interview Summary (PTO-413)
2) Notice of Draftsperson's Patent Drawing Review (PTO-948) Paper No(s)/Mail Date. _____.
3) Information Disclosure Statement(s) (PTO/SB/08) 5) Notice of Informal Patent Application
Paper No(s)/Mail Date _____.
6) Other: _____

After the Board's Decision

After the Board's Decision, recorded on 04/14/08, which reversed the Examiner's Action on all grounds of rejection, prosecution is herein being re-opened.

Furthermore, as seen in the Board's Decision, the Examiner notes that the Judges agreed with the Applicant that **Rodriguez does not disclose that the system has any way of identifying the recipient viewing the advertisement (i.e. "associating an indication that an advertisement was played with an identifier for a particular user")**, as recited in at least independent claims 1 and 11 (See page 8 and last paragraph of the Board's Decision).

Although the Examiner briefly mentioned in the Office Actions that the user or viewer of the watermarked advertisement is (implicitly) identified since the watermarked advertisement is transmitted to at least a (subscriber's or viewer's) set top box, coupled to a (cable TV) network, wherein the set top box is uniquely addressable or identified on the network, as well understood in the art (See USP 5,774,170 to Hite), however, the Examiner interpreted "associating an indication that an advertisement was played with an identifier for a particular user" as if the identifier were associated with the watermarked advertisement as opposed to the particular user as featured in the Examiner's reply to the Applicant's response under 37 CFR 1.111 and in the Examiner's Answer. Indeed, the Applicant officially referred to identifying a viewer of the watermarked advertisement only in the Reply Brief subsequent to receiving the Examiner's Answer. **Having said that, the Examiner is going to issue a new Action where the identifier will be associated with the particular user or subscriber, but not with the watermarked advertisement.**

DETAILED ACTION

Specification

Status of the claims

Claims 1-1-7, 9, 11-17, 19, 21-28 and 29-30 are currently pending in the Instant Application and claim 8, 10, 18 and 20 were canceled.

Claim Objections

Claims 1 and 11 are objected to because of the following informalities:

Concerning claim 1, line 4, "associating an indication that an advertisement" should apparently be - - associating an indication that the advertisement- -.

Claim 11 suffers from the same deficiency and it is objected to under a similar rationale.

Appropriate corrections are required.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1 (2-7, 9) and 29 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Based on Supreme Court precedent, a method/process claim must (1) be tied to another statutory class of invention (such as a particular apparatus) (see at least Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780, 787-88 (1876)) or (2) transform underlying subject matter (such as an article or materials) to a different

state or thing (see at least *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972)). A method/process claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. Here the claims fail to meet the above requirements because the steps are neither tied to another statutory class of invention (such as a particular apparatus), nor do they physically transform the underlying subject matter (such as an article or materials) to a different state or thing.

Claim Rejections - 35 USC § 103

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

Claims 1-7, 9, 11-17 and 19 are rejected under 35 U.S.C. 102(e) as being unpatentable over Rodriguez, US Patent 6,650, 761 B1 **in view of Goldhaber, US Patent 5,794,210.**

(In the following Action, a watermark detector can be interpreted either as a program or watermark software, for the most part, or as a piece of hardware).

As per claims 1 and 11, Rodriguez discloses, *inter alia*, a system for watermarking content, such as a downloaded video or a transmitted advertisement, to thereby guarantee integrity of the downloaded content or transmitted advertisement upon receipt and to correctly bill the recipient of the video content for what was actually received as opposed to what was transmitted or downloaded.

Furthermore, watermark technology is used to track and verify proper delivery of content including advertising content. In one application of this technology, recipients of advertising content, such as TV subscribers, computer users, are provided incentives for viewing advertising in its entirety. For example, a content-receiving device (playback device or media player), such as a computer, can include a watermark detector or watermark software that issues a receipt for each watermarked advertisement that is heard/viewed in its entirety (monitoring a watermark included with one or more advertisements and providing accrued credits or accrued incentives or accumulated rewards to a user of a computer or a set-top-box for listening to played or viewing displayed watermarked advertisements in their entirety). Thereafter, these receipts may be redeemed, for example, for content tokens (type of currency), for monetary value, etc. In some embodiments, receipts are generic and can all be applied to a desired premium (such as access to content or otherwise), regardless of the advertisements through which they were earned. In other embodiments, the receipts are associated with the particular advertisers (or class of advertisers). Thus, a TV viewer who accumulates 50 receipts (accrued rewards) for hearing/viewing advertising originating from Procter & Gamble may be able to redeem them for a coupon good for \$2.50 off any Procter & Gamble product, or accrued or accumulated receipts from Delta Airlines may be redeemed for Delta frequency flier miles (e.g., at a rate of one mile per minute of advertising heard/viewed). Such incentives are particularly useful in new forms of media that give the consumer enhanced opportunities to fast-forward or otherwise skip advertising (Col. 57: 9-64; col. 57: 65 to col. 58: 34).

As per claims 1 and 11, Rodriguez does not expressly or officially disclose identifying a user of the watermarked advertisement.

However, Goldhaber discloses a method of and a system for brokering and selling the attention of identified customer, wherein, among other things, advertisers pay the identified customers or users for reading or viewing their advertising messages subsequent to determining or verifying that the identified or particular customers have indeed read or viewed the advertising messages displayed on the identified customers' screens. For instance, by clicking on a Cybercoin button or selectable object (e.g. 50 cents icon), displayed on a particular customer's PC 104, representing an associated ad, a particular customer indicates his intention to read the said ad for the value of the Cybercoin (e.g., 50 cents) once the system verifies, through a quiz process, a game or a test, that the particular or identified customer has indeed read or interacted with the ad or advertisement from an advertiser, which guarantees that the advertiser's message has received full attention or interaction. The particular customer is then compensated in the form of credit or digital cash for paying attention to the ad and the digital cash is stored in an account previously created for the particular customer, wherein the account is unique or the account uniquely identifies the customer in the system or network (Col. 16: 6-16; fig. 12; col. 7: 48-61; col. 11: 32-38; see also claims 1, 13 and 14 of the current reference; see abstract).

Therefore, it would have been obvious to an ordinary skilled artisan, at the time of the invention, to incorporate the teachings of Goldhaber into Rodriguez' so as to provide a watermarked advertisement to a customer, to identify the customer or recipient of the watermarked advertisement and to compensate the identified customer for viewing or playing the advertisement subsequent to verifying that the identified or particular user or customer has indeed viewed the watermarked advertisement in its entirety, wherein the compensation is in the form of credit or digital cash, which is stored in a (digital) account, created for the identified

customer, where the credits are accumulated or accrued over time, thereby guaranteeing that the customer, exposed to the watermarked advertisement, is properly identified and compensated for viewing the advertisement in its entirety and the compensation is in the form of credit or digital cash, which is stored in a (digital) account where the credits are accumulated over time, while making sure that the person or customer viewing the advertisement is the one being compensated and while rendering the system more effective.

As per claims 9 and 19, Rodriguez does not expressly disclose, with respect to the watermarked advertisement embodiment, controlling operation of a media player or processor in response to monitoring the watermark (detector).

However, in another embodiment, Rodriguez teaches that watermark data embedded or inserted into provided or downloaded content, are encoded with a plurality of fields or permission fields or permission data (e.g. usage control string), which, when detected at the media player by the watermark software or watermark detector coupled or stored thereon, control how the provided or downloaded content or music is to be used by the media player or playback device, such as an MP3 player, during consumption or playback (a watermark detector or watermark software installed or stored in the media player or coupled thereon detects the presence of a watermark or flag, having the encoded fields or permission fields or permission data, embedded into the provided or downloaded content or music and operates to control the operations of the media player or to control how the media player is to use the provided or downloaded content or music based on the permission fields related to the inserted watermark data-Col. 42: 41 to col. 45: 40). The same data fields and principles, as described above, can

be applied to non-audio content, i.e. textual and/or video content. In video, for example, watermarked data can adaptively control the display monitor or playback parameters (e.g., color space) to enhance the viewing experience. Needless to say here that the textual or video content may includes advertising content as herein featured (col. 45: 36-40).

Therefore, it would have been obvious to an ordinary skilled artisan, at the time of the invention, to use the watermark detector (software) to control the operations of the media player based on the encoded instructions or permission fields related to a watermark inserted in the provided advertisement, before an incentive or compensation is provided to a particular customer for viewing or playing the advertisement in its entirety, in a manner similar to controlling the operations of the media player upon detecting the presence of a watermark in the provided or downloaded content or music, thereby expanding the field of use of the watermark detector by controlling the media player to play the advertisement according to the instructions or permission fields encoded in the watermark (watermark data) inserted in the incoming or provided advertisement before the particular user or customer is compensated for viewing or playing the advertisement based on the watermark encoded instructions (e.g. viewing pr playing the advertisement in its entirety), while rendering the system more effective by rewarding a customer for viewing or playing the advertisement according to the encoded instructions related to the watermark inserted in the provided or incoming advertisement.

As per claims 2-7 and 12-17, Rodriguez discloses a system wherein a watermark technology is used to track and verify proper delivery of content including advertising content. In one

application of this technology, recipients of advertising content, such as TV subscribers, computer users, are provided incentives for viewing advertising in its entirety. For example, a content-receiving device (playback device or media player), such as a computer, can include a watermark detector or watermark software that issues a receipt for each watermarked advertisement that is heard/viewed in its entirety (monitoring a watermark included with one or more advertisements and providing accrued credits or accrued incentives or accumulated rewards to a user of a computer or a set-top-box for listening to played or viewing displayed watermarked advertisements in their entirety). Thereafter, these receipts may be redeemed, for example, for content tokens (type of currency), for monetary value, etc. In some embodiments, receipts are generic and can all be applied to a desired premium (such as access to content or otherwise), regardless of the advertisements through which they were earned. In other embodiments, the receipts are associated with the particular advertisers (or class of advertisers). Thus, a TV viewer who accumulates 50 receipts (accrued rewards) for hearing/viewing advertising originating from Procter & Gamble may be able to redeem them for a coupon good for \$2.50 off any Procter & Gamble product, or accrued or accumulated receipts from Delta Airlines may be redeemed for Delta frequency flier miles (e.g., at a rate of one mile per minute of advertising heard/viewed). Such incentives are particularly useful in new forms of media that give the consumer enhanced opportunities to fast-forward or otherwise skip advertising (Col. 57: 9-64; col. 57: 65 to col. 58: 34). It is herein understood that a watermark detector or watermark software installed or stored in a media player (like a computer or other appliance having a processor) or coupled thereon detects the presence of a watermark or flag, having encoded fields or permission fields or permission data, embedded into the provided content, e.g. audio/video or music and operates to

control the operations of the media player or to control how the media player is to use the provided content, based on the permission fields related to the inserted watermark data (Col. 42: 41 to col. 45: 40). In other words, the system is configured to detect that the consumer has chosen to fast-forward the advertisement or to play the advertisement at a high speed, which literally means that the consumer has decided not to pay attention to the said advertisement or to simply skip it and thus, the consumer will not receive any credit or incentive for failure to play the advertisement in its entirety for the preset period of time or duration or to play the advertisement at regular or predetermined speed (before he can receive any credit). See col. 58: 9-28.

Claims 21-30 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rodriguez, US Patent 6,650, 761 B1

(In the following Action, a watermark detector can be interpreted either as a program or watermark software, for the most part, or as a piece of hardware).

As per claims 21, 29 and 30, Rodriguez discloses, *inter alia*, a system for watermarking content, such as a downloaded video or a transmitted advertisement, to thereby guarantee integrity of the downloaded content or transmitted advertisement upon receipt and to correctly bill the recipient of the video content for what was actually received as opposed to what was transmitted or downloaded.

Furthermore, watermark technology is used to track and verify proper delivery of content including advertising content. In one application of this technology, recipients of advertising content, such as TV subscribers, computer users, are provided incentives for viewing advertising

in its entirety. For example, a content-receiving device (playback device or media player), such as a computer, can include a watermark detector or watermark software that issues a receipt for each watermarked advertisement that is heard/viewed in its entirety (monitoring a watermark included with one or more advertisements and providing accrued credits or accrued incentives or accumulated rewards to a user of a computer or a set-top-box for listening to played or viewing displayed watermarked advertisements in their entirety). Thereafter, these receipts may be redeemed, for example, for content tokens (type of currency), for monetary value, etc. In some embodiments, receipts are generic and can all be applied to a desired premium (such as access to content or otherwise), regardless of the advertisements through which they were earned. In other embodiments, the receipts are associated with the particular advertisers (or class of advertisers). Thus, a TV viewer who accumulates 50 receipts (accrued rewards) for hearing/viewing advertising originating from Procter & Gamble may be able to redeem them for a coupon good for \$2.50 off any Procter & Gamble product, or accrued or accumulated receipts from Delta Airlines may be redeemed for Delta frequency flier miles (e.g., at a rate of one mile per minute of advertising heard/viewed). Such incentives are particularly useful in new forms of media that give the consumer enhanced opportunities to fast-forward or otherwise skip advertising (Col. 57: 9-64; col. 57: 65 to col. 58: 34). It is herein understood that a watermark detector or watermark software installed or stored in a media player (like a computer or other appliance having a processor) or coupled thereon detects the presence of a watermark or flag, having encoded fields or permission fields or permission data, embedded into the provided content, e.g. audio/video or music and operates to control the operations of the media player or to control how the media

player is to use the provided content, based on the permission fields related to the inserted watermark data (Col. 42: 41 to col. 45: 40).

Rodriguez does not expressly or officially disclose, with respect to the watermarked advertisement embodiment, a process for controlling operation of a media player or processor in response to monitoring the watermark (detector) or Rodriguez does not officially teach, in the watermarked-advertisement embodiment, that **the watermark detector controls the operations of the media player in response to detecting the watermark in the advertisement**

However, in another embodiment, Rodriguez discloses a system wherein distribution of content, such as music, to a consumer is also gaining popularity, presently in the MP3 (media player) format primarily. The music providers may deal directly with the public, but more commonly effect such consumer distribution through a newly emerging tier of digital media outlets, such as Internet sites, that specialize in music. From such sites, consumers can download digital audio files into personal digital audio players like MP3 players (The Diamond Rio, and the Audible MobilePlayer devices are some of the first of what will doubtless be a large number of entrants into this personal Internet audio appliance market.). Further, the downloaded (audio) data can be stored by the consumer-recipient onto any other writeable media (e.g. hard disk, CD, DVD, tape, videotape, etc.). Typically a personal computer is used for such downloading, but this intermediary device may be dispensed with by coupling next generation of personal audio appliances to an Internet-like link (col. Col. 41: 57 to col. 42: 5). The (audio) data downloaded by the consumer can be stored either in the native digital format, translated into another digital

format (which translation may include decryption), converted into analog and recorded in analog form, etc (col. 42: 6-9). Unauthorized copying or use of the music can occur anywhere in the foregoing channels once provided to the consumer on readable media (CDs, DVDs, etc.) or downloaded by the consumer in electronic format. However, one of the greatest risks occurs once the music has been delivered to the consumer (whether by tangible media, by traditional broadcast media outlets, by emerging digital distribution or a combination-col. 42: 10-15). Here, -Genuine Music Coalition--a partnership of various companies in the music distribution business--likewise has announced plans to employ watermarking of MP3 music. The watermarking technology, to be provided by Liquid Audio, will convey data specifying the artist or producer contact, copyright data, and a number to track ownership. The Coalition hopes that the provision of this embedded information will help thwart piracy. Industry observers believe Liquid Audio will next introduce playback technology only plays audio in which its watermark is detected. (Wired News, "Liquefying MP3," Jan. 23, 1999-col. 42: 30-40). **To reduce or eliminate the illegal copying or illegal use of the content or music, a process of embedding auxiliary data, i.e. watermarking, into the content or music has been widely proposed (col. 42: 16-18).** In other words, the media player, such as an MP3 player, is coupled to a processor-based device, such as an intermediary computer, wherein the provided or downloaded content or music having watermark data embedded therewithin to prevent illegal copying or use and wherein the media player has a watermark detector or program stored thereon to detect the presence of the watermark embedded into the content or music and to allow use or playback of the content based on the embedded watermark data (the watermark detector, stored on the media player, controls the operation of the media player or the

watermark detector controls how the media player is to use the provided or downloaded content or music during playback).

For instance, a track of music can be pre-authorized for specified types of use. Here, the usage control string (i.e. permission data) of the **watermark payload** may include a six-bit field detailing the classes of devices for which the audio is authorized. Each bit would correspond to a different class of device. Class 1 devices may be personal playback devices with only analog-audio output. Class 2 devices may be personal entertainment devices capable of outputting music in digital (e.g. MP3, redbook, *.WAV) format, as well as analog audio. Class 3 devices may be personal computer systems (i.e. with essentially unlimited ability for processing and outputting digital audio) and so on. **A device (media player) to which such MP3 audio is provided would check the usage control string data to determine whether, it is authorized to utilize the audio or content.** A personal playback device or media player with analog-only output, for example, would examine the first bit of the usage control string. If it was "1," then the device would be authorized to use (i.e. playback) the MP3 data; if it was a "0," then the device would refuse to **play** the music accordingly (Col. 44: 17-35).

In addition to pre-authorization for certain classes of devices or media players, the usage control string can also include bits indicating the number of permitted playbacks. These data can be encoded in bits seven through nine, representing eight possibilities: 0--no playback permitted 1--single playback permitted 2--two playbacks permitted 3--three playbacks permitted 4--four playbacks permitted 5--five playbacks permitted 6--10 playbacks permitted 7--unlimited playbacks permitted and 8--refer to associated data (within the watermark or stored at a remote site) which specifies the number of permitted playbacks (i.e. the

watermark detector or watermark software, stored therein or coupled to the media player or playback device, controls the operations of the media player or playback device or controls how the media player is to use the provided or downloaded content or music when the presence of a watermark flag or code, having encoded thereon a plurality of permission fields, is detected in the provided or downloaded content or music-Col. 44: 36-52).

The playback device may include a non-volatile storage means (hard disk drive or database) in which the number of permitted playbacks is stored for each track of music. The device would decrement this number at the beginning of each playback (col. 44: 53-56).

Moreover, the usage control string (permission data) can also include a two-bit field (bits ten and eleven) indicating recording (copyright) permissions. A value of 0 means that data corresponding to the MP3 audio, i.e. provided or downloaded content, (regardless of digital format) should never be made available or transferred to another digital device. A value of 1 means that the data (i.e. provided or downloaded content) corresponding to the MP3 data may be made available once to another digital device or media player or playback device. A value of 2 means that the data may be made available for an unlimited number of times to other digital devices or media players or playback devices, whereas Value 3 or 3 is reserved for special purpose (col. 44: 57-65).

Another data field that can be included in an audio watermark is a rating that indicates age-appropriateness. Music with violence or sexual themes might be given a rating akin to the MPAA "PG-13" or "R" rating. Audio appliances or playback devices or media players may be programmed with special software or watermark detector to recognize the rating of incoming

music, i.e. provided or downloaded content, and to interrupt playback if the rating exceeds a certain threshold setting (the watermark detector detects the presence of watermark data or special flag inserted into the provided or downloaded content and operates to control the operations of the playback device or media player). Various known techniques can be employed to assure that such settings cannot readily be changed, e.g., by juvenile listeners (col. 44: 66 to col. 45: 35).

The same data fields (watermark data or permission fields) and principles, as described above, can be applied to non-audio content, i.e. textual and/or video content. In video, for example, watermarked data can adaptively control the display monitor or playback parameters (e.g., color space) to enhance the viewing experience. Needless to say here that the textual or video content includes advertising content as herein featured (col. 45: 36-40).

In Summary, the watermark data, embedded or inserted into the provided or downloaded content, are encoded with a plurality of fields or permission fields or permission data (e.g. usage control string), which, when detected at the media player by the watermark software or watermark detector coupled or stored thereon, control how the provided or downloaded content or music is to be used by the media player or playback device, such as an MP3 player, during consumption or playback (a watermark detector or watermark software installed or stored in the media player or coupled thereon detects the presence of a watermark or flag, having the encoded fields or permission fields or permission data, embedded into the provided or downloaded content or music and operates to control the operations of the media player in response to detecting the presence of a watermark in the provided or downloaded content or to control how

the media player is to use the provided or downloaded content or music “or advertisement” based on the permission fields related to the inserted watermark data-Col. 42: 41 to col. 45: 40).

Therefore, it would have been obvious to an ordinary skilled artisan, at the time of the invention, to combine both embodiments in Rodriguez so as to use the watermark detector (software) to control the operations of the media player based on the encoded instructions or permission fields related to a watermark inserted in the provided advertisement, before an incentive or compensation is provided to a customer for viewing or playing the advertisement in its entirety, in a manner similar to controlling the operations of the media player upon detecting the presence of a watermark in the provided or downloaded content or music, thereby expanding the field of use of the watermark detector by controlling the media player to play the advertisement according to the instructions or permission fields encoded in the watermark (watermark data) inserted in the incoming or provided advertisement before the particular user or customer is compensated for viewing or playing the advertisement based on the watermark encoded instructions (e.g. viewing or playing the advertisement in its entirety), while rendering the system more effective by rewarding a customer for viewing or playing the advertisement according to the encoded instructions related to the watermark inserted in the provided or incoming advertisement.

As per claims 22-28, Rodriguez discloses a system wherein a watermark technology is used to track and verify proper delivery of content including advertising content. In one application of this technology, recipients of advertising content, such as TV subscribers, computer users, are

provided incentives for viewing advertising in its entirety. For example, a content-receiving device (playback device or media player), such as a computer, can include a watermark detector or watermark software that issues a receipt for each watermarked advertisement that is heard/viewed in its entirety (monitoring a watermark included with one or more advertisements and providing accrued credits or accrued incentives or accumulated rewards to a user of a computer or a set-top-box for listening to played or viewing displayed watermarked advertisements in their entirety). Thereafter, these receipts may be redeemed, for example, for content tokens (type of currency), for monetary value, etc. In some embodiments, receipts are generic and can all be applied to a desired premium (such as access to content or otherwise), regardless of the advertisements through which they were earned. In other embodiments, the receipts are associated with the particular advertisers (or class of advertisers). Thus, a TV viewer who accumulates 50 receipts (accrued rewards) for hearing/viewing advertising originating from Procter & Gamble may be able to redeem them for a coupon good for \$2.50 off any Procter & Gamble product, or accrued or accumulated receipts from Delta Airlines may be redeemed for Delta frequency flier miles (e.g., at a rate of one mile per minute of advertising heard/viewed). Such incentives are particularly useful in new forms of media that give the consumer enhanced opportunities to fast-forward or otherwise skip advertising (Col. 57: 9-64; col. 57: 65 to col. 58: 34). It is herein understood that a watermark detector or watermark software installed or stored in a media player (like a computer or other appliance having a processor) or coupled thereon detects the presence of a watermark or flag, having encoded fields or permission fields or permission data, embedded into the provided content, e.g. audio/video or music and operates to control the operations of the media player or to control how the media player is to use the

provided content, based on the permission fields related to the inserted watermark data (Col. 42: 41 to col. 45: 40). In other words, the system is configured to detect that the consumer has chosen to fast-forward the advertisement or to play the advertisement at a high speed, which literally means that the consumer has decided not to pay attention to the said advertisement or to simply skip it and thus, the consumer will not receive any credit or incentive for failure to play the advertisement in its entirety for the preset period of time or duration or to play the advertisement at regular or predetermined speed (before he can receive any credit). See col. 58: 9-28.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US Patent 6, 216, 112B1 to Fuller discloses a method and system for distributing free software, having advertisements embedded therein, to customers and compensating the authors of the software for every copy of the software illegally distributed by collecting payments from advertisers or sponsors whose advertising messages are inserted in the said software to be displayed on the customer's or user's PC screen. The software or application software, downloaded over the Internet from a web site related to a computer server 102 of fig. 1 or shipped to a user on a floppy disk or a CD ROM (Media player) to be installed on the user's PC 110 of fig. 1, is executed by the user on his PC 110 of fig. 1 subsequent to installing the software on his computer hard disk (See abstract; col. 2: 30-32). **Here, the user has restricted rights to the free software and thus, he must occasionally or periodically read advertising messages whenever he executes the said software or before using the software.**

USP 6,735,699 to Sasaki discloses a digital work utilization monitoring method and system for preventing illegal use such as unpermitted copying of digital works so that use of the digital works can be monitored by judging whether or not the use is legally permitted and for facilitating a smooth and appropriate circulation of digital works by promoting payments of use fees for use of digital works. A use license is issued on the basis of a permission application for using a digital work and the license is embedded into the digital work by means of a digital watermark. With the license having an identification code of a device used by a user, it is judged whether or not the use of the distributed digital work is legally permitted by monitoring. The license can be issued on condition that a use fee has been paid (See abstract).

USP 6,049,789 to Frison discloses a **software pay-per-use** (PPU) licensing system. The PPU licensing system includes one or more licensor license management system (LMS) and one or more licensee LMS. Each licensee LMS includes one or more components that operate to grant pay-per-use licenses for software applications, including data collection on amount of usage licenses granted, and to monitor operational states of the pay-per-use license granting and data collection operations, including periodic reporting of state and usage license granted data to a licensor LMS. Each licensor LMS includes components that operate to receive, store and process state and usage license granted data for the software applications from the licensee systems, including verification of timely periodic reporting from the licensee LMS (See abstract).

USP 6735699 to Nonaka discloses a contents provider storing contents data in a container in a format which can only be decoded with a key distributed from an EMD service center, and transmits the container to a service provider. The service provider adds pricing information and

the like and distributes this to a user home network. The user home network pays charges to the EMD service center based on the pricing information, receives the key, and decodes the contents data. Information regarding the number of times which copying is permitted is contained in the secure container, and the number of times permitted is increased each time charges are paid, thereby enabling copying to other media and the like. It is impossible to make copies from a container simply copied, or in cases where the number of permitted times of copies has been used up. Thus, contents data can be distributed in a format wherein copying of contents data can be controlled including the number of copies made (See abstract).

USP 6,148,421 to Hurtado discloses a system for tracking usage of digital content on user devices. Electronic stores coupled to a network sell licenses to play digital content data to users. Content players, which receive from the network the licensed content data, are used to play the licensed content data. Additionally, a logging site that is coupled to the network tracks the playing of the content data. In particular, the logging site receives play information from the network, and the play information includes the number of times that the content data has been played by the associated content player. Also provided is a method for tracking usage of digital content on user devices. According to the method, a license to play digital content data is sold to a user, and the licensed content data is transmitted to a content player for the user. Further, information is transmitted to a logging site whenever the content data is played by the content player or copied from the content player to an external medium so that usage of the licensed content data can be tracked (See abstract).

USP 6,185,683 to Ginter discloses that documents and other items can be delivered electronically from sender to recipient with a level of trustedness approaching or exceeding that

provided by a personal document courier. A trusted electronic go-between can validate, witness and/or archive transactions while, in some cases, actively participating in or directing the transaction. Printed or imaged documents can be marked using handwritten signature images, seal images, electronic fingerprinting, watermarking, and/or steganography. Electronic commercial transactions and transmissions take place in a reliable, "trusted" virtual distribution environment that provides significant efficiency and cost savings benefits to users in addition to providing an extremely high degree of confidence and trustedness. The systems and techniques have many uses including but not limited to secure document delivery, execution of legal documents, and electronic data interchange (EDI). See abstract.

USP 6,594,799 to Robertson discloses a multi-faceted portal site that acts as a server in the context of an n-tier client/server network and connects electronic designers and design teams to design and verification tool and service providers on the other through a single portal site. Tools and services accessible to users through the portal site include electronic design automation (EDA) software tools, electronic component information, electronic component databases of parts (or dynamic parts), computing and processing resources, virtual circuit blocks, design expert assistance, and integrated circuit fabrication (**providing a CAD Tool to a user via a network, where the user runs or executes the provided Tool on his computer system to produce an output or complete a project**). Such tools and services may be provided in whole or in part by suppliers (manufacturers) connected to the portal site. Users accessing the portal site are presented with options in a menu or other convenient format identifying the tools and services available and are able to more rapidly **complete circuit designs** by having access to a wide variety of tools and services in a single location. **The portal site may facilitate purchase,**

lease or other acquisition of the tools and services offered through it. The portal site tracks the movements of users through the portal site in order to learn about the design preferences and design approaches of users individually and in the aggregate. Previous actions taken by a user and by similarly-situated users may be considered in determining which information is presented to the user or in what order to present information to the user, thereby providing contextually-driven access (See abstract; fig. 3-5 and 7-10; col. 1: 35-54; col. 2: 12-24; col. 2: 40-54; col. 4: 49-61; col. 4: 64 to col. 5: 28).

Further, Harrison, Ann describes in an article, "**ARIS says it's on key with digital watermark**", that the recording industry will first adopt a watermark standard for music delivered via an analog signal and then work with software vendors to develop a watermark technology for the digital domain. Watermarks on analog music played over the radio would help track artists' royalties. Special receivers could record broadcast and allow artist rights organizations to compile music play list statistics for royalty collection. The next generation of radio receivers will also be able to display text from embedded watermark information. This would allow record companies to encode each track of music with information such as the name of the song, artist, album, record label, liner notes and lyrics. Since consumers are more likely to purchase music they can identify by name, record companies hope that watermarks will help boost record sales.

Additionally, a BALTIMORE MORNING SUN (BS) article, **ADD A TOUCH OF CLASS TO PRINTED DOCUMENTS**, talked about a simulated watermarking technique-Atmospheres is a collection of images that can be superimposed over an entire page or any part of a page. The images can add style, even a touch of class, to your everyday printed documents.

A clever utility program appropriately named "Watermark" makes it all work. There are five collections: Patterns, Geometrics, Classics, CityScapes and Habitats are fairly self-descriptive and contain 15 different scenes each. The Watermark program allows you to print any picture as a transparent image. Atmospheres' images blend unobtrusively into the background. Using the "gray-scale" capability of most printers, you can choose how light or dark you want the image to appear on the page.

Any inquiry concerning this communication from the Examiner should be directed to Jean D. Janvier, whose telephone number is (571) 272-6719. The aforementioned can normally be reached Monday-Thursday from 10:00AM to 6:00 PM EST. If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's Supervisor, Mr. Eric W. Stamber, can be reached at (571) 272- 6724.

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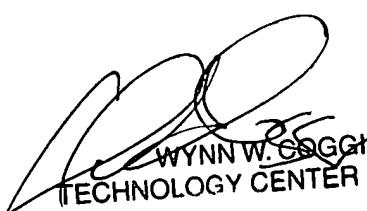
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/J. J./

/Jean Janvier/

Primary Examiner, Art Unit 3688

A TC Director has approved of re-opening prosecution by signing below:



WYNN W. COGGINS
TECHNOLOGY CENTER DIRECTOR